

**THIRD AMENDED AND RESTATED OPERATING  
AGREEMENT OF THE LIVINGSTON GROUP, L.L.C.**

THIS THIRD AMENDED AND RESTATED OPERATING AGREEMENT is made and entered into as of January 1, 2014, by and among TLG ASSOCIATES OF VIRGINIA, INC., a Virginia corporation ("TLG Associates"), and LFP, Inc., a District of Columbia corporation ("LFP, Inc.") provides as follows:

This Agreement amends and restates the Operating Agreement for THE LIVINGSTON GROUP, L.L.C., dated June 14, 2005, and as amended and restated on January 1, 2008 and on December 20, 2011, in its entirety.

**RECITALS:**

- A. The Livingston Group, L.L.C., ("The Company") is a Virginia limited liability company with offices in Washington, D.C. The Company was formed on February 22, 1999 by four founding Members to conduct government relations, lobbying, and related business activities.
- B. On or about March 24, 2006, the ownership interests of the founding Members of the Company were transferred to TLG Associates of Virginia, Inc., ("TLG Associates") which at that time became the single and sole Member of the Company. The current shareholders of TLG Associates are Mr. Robert L. Livingston, Mr. Paul Cambon, Mr. Martin Cancienne (DMC Consultants, L.L.C.), Mr. J. Allen Martin (J. Allen Martin Revocable Trust), and Mr. J. Bernard Robinson (J. Bernard Robinson Revocable Trust). TLG Associates is a holding company and performs no lobbying services. All lobbying services are performed through the Company.
- C. On January 1, 2008, TLG Associates ceded twenty percent (20%) of its ownership interests in the Company in equal shares to Mr. Dennis Hertel ("Mr. Hertel") - ten percent (10%) - and Ms. Lauri Fitz-Pegado ("Ms. Fitz-Pegado") - ten percent (10%); these contingent ownership interests would fully vest over a period of five years. Ms. Fitz-Pegado's ownership interests currently are held by LFP, Inc. a District of Columbia corporation, of which she is the sole shareholder.
- D. On October 31, 2011 Dennis Hertel left the Company. Mr. Hertel surrendered all vested and unvested ownership interests in the Company.
- E. On January 1, 2014, Ms. Fitz-Pegado became fully vested in her ten percent (10%) ownership interest in the Company with all of the rights and benefits. TLG Associates holds as an undivided interest the remaining ninety percent (90%) ownership interest of the Company.
- F. All business and operations of TLG Associates occur and are managed within the Company, including any future obligations and distributions of profits.
- G. In recognition of the full and final vesting of Ms. Fitz-Pegado's ownership interests in the Company, the Members hereby amend and restate the Second Amended Operating Agreement in its entirety.

## SECTION 1 DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

1.1 "Act" means the Virginia Limited Liability Company Act, as amended from time to time.

1.2 "Affiliate" of a Person means: (i) a Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the first Person; (ii) any spouse or child of a Person described in (i); and (iii) any trust or other entity established for the benefit of any of the Persons described in (i) or (ii). "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by contract, as trustee, executor, or otherwise.

1.3 "Agreement" means this Second Amended and Restated Operating Agreement, as amended, modified or supplemented from time to time.

1.4 "Articles of Organization" means the Articles of Organization of the Company, as amended in accordance with the Act.

1.5 "Capital Account" as further defined in Section 9, means an account maintained for each Member which is equal to such Member's original capital contribution increased by additional capital contributions and, in accordance with Section 10, such Member's share of Company profits, income, and gains and decreased by distributions and such Member's share of Company losses, expenses, and deductions.

1.6 "Capital Contribution" means the amount of cash or property contributed to the Company by a Member from time to time, as described in Section 8.

1.7 "Code" means the Internal Revenue Code of 1986, as amended from time to time, or corresponding provisions of subsequent superseding federal revenue laws.

1.8 "Company" means THE LIVINGSTON GROUP, L.L.C., a Virginia limited liability company.

1.9 "Defaulting Member" is defined in Section 8.3.

1.10 "Departure" means a Member or Sole Member Representative has separated from service with the Company and one or more of the following has occurred: (i) the Member or Sole Member Representative's Eligible Termination, (ii) the Member or Sole Member Representative has been determined to be Disabled, (iii) the Member or Sole Member Representative has died, or (iv) if living and not Disabled, the Member or Sole Member Representative has either failed to state his or her future employment intentions to the Company

in writing or has indicated an intention to perform Lobbying Activities for the Member or Sole Member Representative's own account or for a competitive firm.

1.11 "Departure Date" means the date on which a Departure occurs.

1.12 "Disabled" means that a Member or Sole Member Representative: (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death within 12 months or can be expected to last for a continuous period of not less than 12 months, (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death within 12 months or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering the Member or Sole Member Representative, or (iii) is determined to be totally disabled by the Social Security Administration. In the event of a disagreement between such Member or Sole Member Representative and the Company as to whether the Member or Sole Member Representative is Disabled under clause (i) of this definition, the question shall be decided by the Company's physician and a physician appointed by the Member or Sole Member Representative. If the two physicians are unable to agree, the two physicians shall appoint a third physician who shall decide the question.

1.13 "Disabled Member or Disabled Member Representative" means a Member or Sole Member Representative who is Disabled.

1.14 "Effective Date" means January 1, 2014.

1.15 "Eligible Termination" means with respect to a Member or Sole Member Representative, means that (i) such Member or Sole Member Representative has "separated from service" (as such term is defined in treasury regulations issued under Code Section 409A) with the Company (or, in the case of Mr. Cambon, Jones Walker), and (ii) has provided a letter to the Company confirming the Member or Sole Member Representative's permanent cessation of all Lobbying Activity; provided, however, that by mutual agreement between the Company and the Member or Sole Member Representative, the Member or Sole Member Representative may continue to perform Lobbying Activities on the Company's behalf so long as such Lobbying Activities do not in aggregate breach clause (i) of this definition. An Eligible Termination will be considered to have occurred notwithstanding the fact that a Member or Sole Member Representative works on his own behalf or for others.

1.16 "LFP, Inc. Shareholders" means Lauri Fitz-Pegado, her successors, heirs, and assigns, as shareholders of LFP, Inc. The LFP, Inc. Shareholders are not Members of this Company.

1.17 "Lobbying Activity" means owning, operating, managing, controlling, engaging in, investing in or participating in, acting as a consultant, employee, advisor or lender to, rendering services for (alone or in association with any Person), or otherwise assisting any Person that engages in or owns, invests in, operates, manages or controls any business, venture or enterprise that provides federal, state or local governmental relations and/or lobbying services;

provided, however, that nothing in this definition shall be deemed to apply to a Member or Member Representative (i) owning, solely as a passive investment, less than one percent in the aggregate of the equity securities of any class of any publicly traded company engaged in Lobbying Activity, so long as such Member or Member Representative is not a member of any "control group" (within the meaning of the rules and regulations of the United States Securities and Exchange Commission) of any such company or (ii) serving as an elected or appointed government official.

1.18 "Majority" means Members holding more than 50% of all Membership Interests, excluding, for purposes of this calculation, any Membership Interest held by a Transferee who has not yet been admitted as a Member.

1.19 "Management Committee" is defined in Section 4.1.

1.20 "Management Committee Members" are defined in Section 4.1.

1.21 "Member" means each Person listed on Schedule A and any other Person who hereafter becomes an additional or substituted Member of the Company, for as long as each such Person continues to be a Member of the Company, and "Members" means the Persons who are at any one time Members of the Company. Member Representatives are not Members of the Company.

1.22 "Member Representative" means a natural person who (i) owns all ("Sole Member Representative") or part ("Joint Member Representative") of a Member and (ii) is an employee of the Company.

1.23 "Membership Interest" or "Interest" means the percentage ownership interest of a Member in the Company, at any particular time, including the right of such Member to any and all of the benefits to which such Member may be entitled as provided in this Agreement and in the Act, together with the obligations of such Member to comply with all the provisions of this Agreement and of the Act. The Membership Interest of each Member shall be the Membership Interest set forth on Schedule A. Any changes in the Membership Interests of the Members shall be evidenced by an amendment to Schedule A.

1.24 "Net Resale Proceeds" are defined in Section 14.3(a).

1.25 "Officers" are defined in Section 4.1.

1.26 "Overhead Charge" is defined in Section 11.1.

1.27 "Person" means an individual, a general partnership, a limited partnership, a limited liability partnership, a trust, an estate, an association, a corporation, a limited liability company, or any other legal or commercial entity.

1.28 "Profits" are defined in Section 11.1.

1.29 "Promissory Note" means a promissory note in the form of Exhibit D attached hereto.

1.30 "Purchase Price" means the Member's Capital Account, calculated by the Company's CPA in accordance with the Company's standard accounting practices, as of the Departure Date (or in the case of a purchase under Section 14.5, the date on which the Member or Sole Member Representative's community property regime terminates); *provided, however*, that, in the case of the repurchase of only a portion of a Member's Interest, the Purchase Price shall be adjusted by multiplying the Member's Capital Account by a percentage equal to the percentage of the Membership Interest being repurchased.

1.31 "Recapture Period" means the period commencing on the closing of the Company's acquisition of any Repurchased Membership pursuant to this Agreement and ending on the day preceding the first payment date under the Promissory Note issued in payment for such acquisition. No Recapture Period applies to Membership Interest purchases under Sections 14.4 or 14.5.

1.32 "Related Member" means a Member wholly or partly owned by a Member Representative.

1.33 "Repurchased Membership Interest" means a Membership Interest repurchased by the Company from a Member pursuant to Section 14.

1.34 "TLG Associates Shareholders" mean Robert L. Livingston, Martin Cancienne (DMC Consultants, L.L.C.), J. Bernard Robinson (J. Bernard Robinson Revocable Trust), Paul Cambon, and J. Allen Martin (J. Allen Martin Revocable Trust) and their successors, heirs, and assigns as shareholders of TLG Associates. The TLG Associates Shareholders are not Members of this Company.

1.35 "Transfer" is defined in Section 14.1.

1.36 "Transferee" is defined in Section 14.7.

1.37 "Transferor" is defined in Section 14.7.

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## SECTION 2 FORMATION OF LIMITED LIABILITY COMPANY

2.1 Formation. On February 22, 1999, Articles of Organization creating the Company as a Virginia limited liability company were filed with the State Corporation Commission of the Commonwealth of Virginia in accordance with and pursuant to the Act. Except as otherwise expressly provided herein or in the Company's Articles of Organization, the rights and liabilities of the Members shall be as provided in the Act.

2.2 Name. The business of the Company shall be conducted under the name "THE LIVINGSTON GROUP, L.L.C.," The Livingston Group and such other names as the Management Committee shall hereafter designate.

2.3 Principal Office. The principal office and principal place of business of the Company shall be 7703 Northdown Road, Alexandria, Virginia 22308, or at such other place as the Management Committee may designate. The Company may have other offices at any place or places as may be determined by the Management Committee.

2.4 Foreign Qualification. The Management Committee shall comply with the requirements to qualify the Company as a foreign limited liability company in any jurisdiction where such qualification is necessary because of the conduct of its business.

2.5 Registered Agent and Office. The Company shall at all times maintain a registered office and a registered agent as required under the Act which shall be the office and agent as stated in the Articles of Organization or as otherwise may be determined from time to time by the Management Committee. The current registered agent of the Company is:

Robert L. Livingston  
7703 Northdown Road  
Alexandria, Virginia 22308

2.6 Purpose. The purpose of the Company shall be to engage in any other lawful business for which limited liability companies may be registered under the Act.

2.7 Term. The Company shall continue in perpetuity unless terminated in accordance with this Agreement.

## SECTION 3 MEMBERS

3.1 Powers and Duties of Members. The Members in their capacity as Members shall not transact any business on behalf of the Company or have any power or authority to bind or obligate the Company. The Members shall, however, be entitled to vote on those matters requiring Member approval set forth in this Agreement. Without limiting the foregoing, the following matters shall require, and may be implemented upon, the approval of a Majority of the Members:

- (a) A sale, lease, exchange or other disposition of all, or substantially all, of the Company's assets which is to occur as part of a single transaction or plan;
- (b) A merger, consolidation or exchange of equity interests with any other Person;
- (c) The dissolution of the Company or any of its subsidiaries, or the adoption of a plan of liquidation of the Company or any of its subsidiaries, other than as required under Section 15;
- (d) The withdrawal or disassociation of any Member from the Company, except as permitted under this Agreement, or the admission of any additional or substitute Members pursuant to either Section 14 or Section 16;
- (e) Any action by which the Company or any of its subsidiaries commence, consent to or acquiesce in the filing of bankruptcy proceedings, the appointment of a receiver or similar official, or a general assignment for the benefit of creditors;
- (f) Subject to Section 4.2, the election or removal of a Management Committee Member;
- (g) Any material transaction between the Company and a Member or an affiliate of a Member (except that the Management Committee is entitled, subject to Section 4.7(e) below, to establish salaries, bonuses, finder's fees, fee splits and other similar compensation arrangements);
- (h) To require an Member to make additional Capital Contributions;
- (i) Any action which would impede the Company from continuing in its ordinary course of business;
- (j) An amendment to the Articles of Organization or this Agreement.

### 3.2 Meetings and Voting of Members.

- (a) Regular meetings of the Members of the Company shall be held not less frequently than annually on the date and at the place and time determined by the Chairman. A special meeting of the Members shall be held upon call of the Chairman or any Member(s) who individually or collectively hold in the aggregate at least one-fifth of the total outstanding Membership Interests or collectively represent a majority of the TLG Associates Shareholders (counting by head), provided that: (i) notice has been given to all Members at least two (2) business days before the scheduled meeting; and (ii) the Members are advised of the items on the agenda for such meeting if such items require the approval of the Members. All TLG Associates Shareholders shall be entitled to attend any meeting of the Members of this Company as representatives of TLG Associates (although only the President of TLG Associates, or a Person

designated by the president in writing, may exercise its voting right on TLG Associates behalf) and a copy of any such meeting notice must be provided by the Person issuing the meeting notice to all TLG Associates Shareholders.

(b) The Person(s) calling the meeting of Members shall designate any place as the place of meeting for any meeting of the Members. If no designation is made, the place of meeting shall be the principal place of business of the Company.

(c) A quorum shall exist at any meeting of the Members if there are represented Members holding a Majority (provided, however, that TLG Associates shall not be deemed represented unless its president or a person designated in writing by its president is present).

(d) Each Member shall have voting rights equal to such Member's Membership Interest on each matter that the Members are entitled to vote by law or under this Agreement. The affirmative vote of a Majority of those votes cast at a duly organized meeting shall be the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the Act, the Articles, or this Agreement.

(e) At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. The proxy shall be filed with the Chairman before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

(f) Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by one or more Members entitled to vote thereon holding the Membership Interest that would be necessary to approve such matter at a meeting of the Members, and delivered to the Management Committee for inclusion in the minutes or for filing with the Company records. Action taken under this Section 3.2(f) is effective when all consents have been signed by one or more Members holding the Membership Interest that would be necessary to approve such matter at a meeting of the Members, unless the consent specifies a later effective date. If the consent is signed by fewer than all the Members entitled to vote thereon, prompt notice shall be given to those Members who did not sign the consent of the action taken pursuant to the consent.

(g) Any or all Members may participate in any meeting of the Members by, or through the use of, any means of communication by which all such Members participating may simultaneously hear and communicate with each other during the meeting. A Member so participating is deemed to be present in person at the meeting.

#### SECTION 4 MANAGEMENT

4.1 Management of the Company's Affairs. Except as otherwise specifically provided in this Agreement, including without limitation Section 3.I, the business of the Company shall be



managed under the direction of the Management Committee Members (each of which shall hereinafter be referred to individually as a "Management Committee Member" and collectively as the "Management Committee Members" or the "Management Committee"), and the day-to-day activities of the Company shall be conducted on the Company's behalf by manager-officers (each of which shall hereinafter be referred to as an "Officer"). The Management Committee Members and the Officers shall be considered "managers" for purposes of the Act.

4.2 Management Committee. By Majority vote, Members shall elect three (3) natural persons to serve on the Management Committee, to fill any vacancies relating to such Management Committee Members, and remove such Management Committee Members from the Management Committee with or without cause, notwithstanding that his or their terms of office may not have expired. The Management Committee Members shall be elected or re-elected in January of each year to serve a one-year term and until their successors have been duly elected and qualified. The Management Committee Members on the Effective Date are listed on Schedule B.

4.3 Management Committee Meetings.

(a) Regular meetings of the Management Committee shall be held, upon at least one business day's prior written notice, at such times and places as shall be designated from time to time by resolution of the Management Committee. Notice of such regular meetings need not state the purpose of any regular meeting. Special meetings of the Management Committee may be called by the Chairman, on at least one business day's prior written notice. Any such notice shall state the purpose of such special meeting. Attendance of a Management Committee Member at a meeting (either in person, by proxy or by means of conference telephone or similar communications equipment) shall constitute a waiver of notice of such meeting, except where such Management Committee Member attends the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Any action required or permitted to be taken at a meeting of the Management Committee may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by all members of the Management Committee. Management Committee Members may participate in and hold a meeting by means of conference telephone, video-conference or similar communications equipment by means of which all persons participating in the meeting can hear each other.

(b) A majority of all members of the Management Committee shall constitute a quorum for the conducting of business. Each Management Committee Member shall have one vote on each matter. The affirmative vote of a majority of votes cast by the Management Committee Members shall be the act of the Management Committee, except as may otherwise be required or permitted by the Act, the Articles, or this Agreement.

(c) All Management Committee Members shall be entitled to receive notices and agendas of upcoming Management Committee meetings, attend all Management Committee meetings, participate in all discussions and receive minutes from previous Management Committee meetings.

(d) A Management Committee Member may appoint another Management Committee Member as his proxy to vote or otherwise act on his behalf at any specified meeting pursuant to a written appointment form executed by such Management Committee Member. An appointment of a proxy is effective when received by the Company.

(e) Management Committee decisions will be reported verbally or in writing to all members within 48 hours of making each such decision.

**4.4 Actions Requiring Management Committee Approval.** Subject to the remainder of this Section 4.4 and Section 4.11, the Management Committee shall have the power to take all actions and make all decisions for the Company unless and to the extent such powers have been reserved for the Members under the Act or this Agreement, including without limitation Section 3.1, or have been expressly delegated to the Officers under this Agreement or pursuant to an act of the Management Committee duly taken in accordance with the terms of this Agreement. In addition to any authorizations of the Members as may be required by law or under this Agreement, the Management Committee shall not have the power or authority, and neither the Company, the Management Committee Members, the Officers nor any Members shall take, any of the following actions unless such action has been approved unanimously by the Management Committee:

- (a) Any recapitalization of the Company;
- (b) The election, addition, removal or replacement of any Officers of the Company;
- (c) Subject to Sections 4.7(e), fixing the compensation (including salary, bonuses, and benefits) of any Member or employee of the Company or any of its subsidiaries;
- (d) Subject to Sections 4.7(e), entering into or amending any employment agreement of the Company or any of its subsidiaries;
- (e) Subject to Section 11, the declaration or payment of any distribution to the Members;
- (f) The issuance by the Company of any Membership Interests or any options, rights or other instruments providing for the issuance of Membership Interests or convertible into or exchangeable for membership interests, but excluding any issuances of incentive interests pursuant to incentive compensation plans that the Members may agree to establish in the future;
- (g) The formation or acquisition of a subsidiary;
- (h) (1) the acceptance of new clients and any agreements related thereto, including, without limitation, the payment of finder's fees, bonuses or special splits of revenues generated by certain clients to the Member(s) or other employees of the Company who obtain or service such clients, (2) the rejection of new clients or (3) the firing of existing clients;

(i) Any debt incurred by the Company (other than trade payables incurred in the ordinary course of business), or the encumbrance of any assets owned by the Company;

(j) Any loan of Company funds or assets;

(k) Entering into any contract or agreement requiring the expenditure by the Company of more than \$50,000 over the term thereof;

(l) Settling any litigation or claim against the Company in excess of \$25,000;

(m) The making of a single capital expenditure by the Company or any subsidiary in excess of \$50,000; or

(n) Enlarging or modifying the current scope of business conducted by the Company;

The approval of the Members shall not be required for the alienation, lease, or encumbrance of any of the Company's immovables, unless otherwise required pursuant to Section 3.1 or elsewhere in this agreement.

**4.5 Conflicts of Interest.** Notwithstanding that it may constitute a conflict of interest, the Members or their Affiliates may engage in any transaction (including the purchase, sale, lease or exchange of any property, the rendering of any service, the lending of funds or the providing of any credit enhancements) with the Company or any of its subsidiaries as long as such transaction is approved by the Management Committee. All such transactions referred to in this Section are hereinafter referred to as "Conflict of Interest Transactions." Upon the requisite approval thereof under this Section 4.5, a Conflict of Interest Transaction shall be valid and binding upon the Company and, in the absence of fraud, no Member shall be entitled to challenge the validity of any such transaction.

**4.6 Officers.**

(a) The Company shall have the following Officers: a chairman, a treasurer and a secretary and may, in the Management Committee's discretion, have one or more assistants to the Secretary or Treasurer. The Officers as of the Effective Date are listed on Exhibit B. Each Officer will be elected by the Management Committee, in accordance with Section 4.6, and will serve a term of one year. The Management Committee may add, remove, and/or replace any Officer at will, in accordance with Section 4.4. The individual may simultaneously hold more than one office except the offices of Chairman and Secretary.

(b) Unless provided otherwise by resolution of the Management Committee, the Officers shall have the titles, power, authority and duties described below:

(1) Chairman. The Chairman shall preside at all meetings of the Members or the Management Committee, ensure that all

orders, policies and resolutions of the Management Committee are carried out and perform such other duties as may be prescribed by the Management Committee or this Agreement. The Chairman shall be the chief executive officer of the Company and, as such, shall be responsible for the management and direction of the day-to-day business, operations and affairs of the Company. The Chairman shall exercise such other powers and perform such other duties as may be assigned to him by this Agreement or the Management Committee.

- (2) Secretary and Assistant Secretary. The Secretary shall record or cause to be recorded in books provided for that purpose the minutes of the meetings or actions of the Management Committee and Members, shall ensure that all notices are duly given in accordance with the provision of this Agreement and as required by law, shall be custodian of all records (other than financial records), shall ensure that the books, reports, statements, certificates and all other documents and records required by law are properly kept and filed, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by this Agreement, the Management Committee or the Chairman. The Assistant Secretary shall exercise the powers of the Secretary during the Secretary's absence or inability or refusal to act.
- (3) Treasurer and Assistant Treasurer. The Treasurer shall keep or cause to be kept the books of account of the Company and shall render statements of the financial affairs of the Company in such form and as often as required by this Agreement, the Management Committee or the Chairman. The Treasurer, subject to the order of the Management Committee, shall have the custody of all funds and securities of the Company. The Treasurer shall perform all other duties commonly incident to his office and shall perform such other duties and have such other powers as this Agreement, the Management Committee or the Chairman shall designate from time to time. The Assistant Treasurer shall exercise the power of the Treasurer during the Treasurer's absence or inability or refusal to act.

(c) The Company may grant powers of attorney or other authority as appropriate to establish and evidence the authority of the Officers and other persons.

(d) Unless otherwise provided by resolution of the Management Committee, no Officer shall have the power or authority to delegate to any person such Officer's rights and powers as an Officer.

**4.7 Limitations on Authority of Members, Management Committee Members and Officers.**

(a) No Member shall take, or cause or permit the Management Committee Members, officers, employees, representatives or agents of such Member or its Affiliates to take, any action that would bind or obligate the Company in any manner not expressly authorized by this Agreement or by the Management Committee.

(b) No Member shall have the power to commit, obligate or bind any other Member unless the latter has given its prior written consent thereto, and nothing in this Agreement shall make or constitute any Member the representative, agent or principal of any other Member.

(c) Each Management Committee Member and Officer shall be deemed to constitute "managers" of the Company within the meaning of the Act, and each Officer shall be an agent of the Company. No Member, solely by virtue of having the status of a Member, shall have any management power over the business and affairs of the Company or actual or apparent authority to enter into contracts on behalf of, or to otherwise bind, the Company.

(d) Except as otherwise specifically provided in this Agreement or by resolution of the Management Committee, (i) no Management Committee Member or group of Management Committee Members shall have any actual or apparent authority to enter into contracts on behalf of, or to otherwise bind, the Company, nor take any action in the name of or on behalf of the Company or conduct any business of the Company other than by action of the Members or the Management Committee taken in accordance with the provisions of this Agreement, and (ii) except as otherwise provided in 4.3(d), no Management Committee Member shall have the power or authority to delegate to any person such Management Committee Member's rights and powers as a Management Committee Member to manage the business and affairs of the Company.

(e) The salaries on the Effective Date of the employees of the Company who also are either TLG Associates Shareholders or LFP, Inc. Shareholders are listed on Exhibit C and shall be automatically and contemporaneously adjusted, on a dollar for dollar basis, in the amount of each increase or decrease in the salary of Paul Cambon received from the law firm of Jones Walker, LLP. If Paul Cambon ever ceases to be an employee of such firm, the Members shall agree, by vote of a Majority, on an alternative benchmark for adjustment of the salaries of those employees of the Company who also are either TLG Associates Shareholders or LFP, Inc. Shareholders. The limitations in this Section do not apply to bonus, finder's fees, and special fee splits that the Management Committee may award from time to time for special services provided by either TLG Associates Shareholders or LFP, Inc. Shareholders in the finding and servicing of particular clients.

(f) The Management Committee may, in its discretion, award bonuses (including practice area growth bonuses) for superior performance to any Member or Member Representative. All such bonuses paid shall be included in Overhead. If the Management Committee awards any such bonuses in lieu of distributions under Section 11.2, such award shall

be proportionate to the Members' Membership Interests.

(g) The Management Committee shall not pay per diems to Members or to the TLG Associates Shareholders.

#### 4.8 Limitation of Liability.

(a) Neither the Officers nor Management Committee Members shall be personally liable for monetary damages for breach of any fiduciary duty that may be deemed to govern their acts or omissions in such capacities; provided that the related action was taken in good faith and reasonably believed to be in the best interest of the Company; and provided, further, that this Section shall not limit or eliminate the liability of any Officer or Management Committee Member for the amount of any financial benefit received by the Officer or Management Committee Member to which he or she is not entitled or for an intentional violation of a criminal law.

(b) The Officers and Management Committee Members may consult with legal counsel and accountants and the fact that any action was taken or omitted in good faith, in reliance upon and in accordance with the opinion or advice of such counsel or accountants shall be conclusive evidence of good faith with respect to the action taken or failure to act. The Officers and Management Committee Members may rely upon and shall be protected from liability in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties.

4.9 Authority of Members to Borrow Money on Behalf of the Company. The Chairman, at the direction of the Management Committee, shall be the only person that has the power and authority to borrow money on behalf of the Company or cause the Company to borrow money (including, without limitation, causing the Company to borrow money from a Member, Management Committee Member or Officer or a Person related to them). The Chairman may exercise the power described in this Section only with the consent of the Management Committee. No Member or Management Committee Member other than the Chairman shall have the power or authority to borrow money on behalf of the Company or cause the Company to borrow money.

4.10 Company Actions and Decisions. Except as provided otherwise by the Management Committee, any Person dealing with the Company may rely on a certificate signed by the Chairman as to: (i) the identity of any Member; (ii) the existence or nonexistence of any consents, approvals or other facts or circumstances that constitute conditions precedent to acts by the Company or are otherwise germane to the affairs of the Company; (iii) the identity of Persons who are authorized to execute and deliver any instrument or document for the Company; (iv) the ownership of interests in the Company; and (v) any other facts or circumstances relating to the Company or its affairs.

4.11 Management Committee Decisions. All Management Committee decisions can be

reviewed in a Members meeting with the support of two (2) Members. Management Committee decisions can be overruled by a majority vote of the Members' ownership interest. In addition, Management Committee decisions shall be ineffective unless the Management Committee complies with Section 4.3(e) hereof.

## SECTION 5 OTHER ACTIVITIES OF MEMBERS, MANAGEMENT COMMITTEE MEMBERS, AND OFFICERS

Any of the Members, Member Representatives, Management Committee Members or Officers may engage in or possess an interest in other business ventures of every nature and description, other than those in competition with the Company's lobbying business, independently or with others; and neither the Company nor the Members shall have any right by virtue of this Agreement in and to such independent, non-competitive ventures or to the income or profits derived therefrom. Except as otherwise authorized by the Management Committee, all Members and Member Representatives shall lobby exclusively for the Company.

## SECTION 6 INDEMNIFICATION

The Company shall indemnify any Person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that he, she or it is or was a Member, Management Committee Member, Officer, or, in the case of a Member Representative, a lobbyist on behalf of the Company, or who is or was serving at the request of the Company as a manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, against expenses (including reasonable attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such Person in connection with such action, suit or proceeding, if such Person acted in good faith and in a manner he reasonably believed to be in, or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Person did not act in good faith and in a manner which such Person reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that such Person's conduct was unlawful.

The Company shall indemnify any Person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such Person is or was a Member, Management Committee Member, Officer or, in the case of a Member Representative, lobbyist of the Company, or is or was serving at the request of the Company as a manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such Person in connection with the defense or settlement of

such action or suit, if such Person acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company, provided that no indemnification shall be made with respect to any claim, issue, or matter as to which such Person has been adjudged to have been liable to the Company, unless, and only to the extent that the court in which such action or suit was brought shall determine on application that, despite the adjudication of liability, but in view of all the circumstances of the case, such Person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Any indemnification under the first two paragraphs of this Section 6 (unless ordered by a court) shall be made by the Company only as authorized in the specific case, on a determination that indemnification of the Person is proper in the circumstances because he has met the applicable standard of conduct set forth in the said two paragraphs. Such determination shall be made by the Management Committee provided at least two Management Committee Members were not a party to such action, suit or proceeding, in which case by more than 66.67% of the Membership Interests.

Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding on receipt of an undertaking by or on behalf of the Person seeking indemnification to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Company as authorized in this Section.

The indemnification and advancement of expenses provided by or granted under this Section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any other agreement, vote of disinterested Members or disinterested Management Committee Members, or otherwise.

The Company shall have power to purchase and maintain insurance on behalf of any Person who is or was a Member, Management Committee Member, Officer, employee or agent of the Company, or who is or was serving at the request of the Company as a manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify such Person against such liability under the provisions of this Section.

The indemnification and advancement of expenses provided by or granted under this Section shall continue as to a Person who has ceased to be a Member, Management Committee Member, Officer, employee, or agent and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of that Person.

## SECTION 7 INSURANCE

The Company shall carry and maintain in force insurance in amounts and coverage as is customarily carried by enterprises with similar assets and business, as determined by the



Management Committee.

## SECTION 8 MEMBER'S INTEREST AND CAPITAL

8.1 Membership Interests. Each Member's Membership Interest in the Company is set forth opposite such Member's name on Exhibit A.

8.2 Capital Contributions. The Members' Capital Contributions to the Company shall, upon receipt, be credited to the Capital Accounts of the Members. Any Person who acquires the Membership Interest of another Member shall acquire the portion of the Transferor's Capital Account attributable to such Membership Interest. No Member shall be entitled to interest on any Capital Contributions. No Member shall be entitled to withdraw any portion of the Member's Capital Account except through distribution or dissolution in each case as provided herein or in the Act.

8.3 Additional Capital. Unless otherwise agreed to by a Majority, no Member shall be obligated to make any additional Capital Contribution to the Company except as required in this Section 8.3. A Majority may require an additional Capital Contribution by written notice to the Members if the Majority determines that additional capital is needed by the Company to satisfy expenses from operations or contractual obligations of any kind, including operating expenses, scheduled debt repayments, rent, and which expenses or payments are due and payable in accordance with the contractual terms of such liabilities and which are in excess of the Company's capital, revenues, loans and other sources of funds. If a Majority approves an additional Capital Contribution, each Member must contribute such Member's pro-rata share of such approved Capital Contribution within 10 days of the Member's receipt of notice of the approval by the Majority. Should any Member fail to timely contribute the Member's pro-rata share of such approved Capital Contribution (a "Defaulting Member"), such failure shall result in the Defaulting Member's Membership Interest prior to the default being automatically reduced in accordance with the dilution formula established by the Majority at the time the Majority notified the Members of the required Capital Contribution. None of the Defaulting Member's Capital Account shall, however, be reallocated to the other Members. Further, no subsequent Capital Contribution by the Defaulting Member shall result in any recalculation of the Defaulting Member's Membership Interest, with the forfeiture being permanent. Recalculations of Membership Interests shall only occur under this section when a Member fails to make a required Capital Contribution.

8.4 Guaranty of Company Indebtedness. The Members shall not be obligated to jointly and severally guarantee Company indebtedness, but may mutually agree to do so.

## SECTION 9 CAPITAL ACCOUNTS

Subject to Exhibit E, A separate Capital Account will be maintained for each Member in accordance with Section 704(b) of the Code and Treasury Regulations Section 1.704-1(b)(2)(iv). Each Member's Capital Account will be increased by (1) the amount of money contributed by the

Member to the Company; (2) the fair market value of property contributed by the Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Section 752 of the Code); (3) allocations to the Member of income and gain pursuant to Section 10; and (4) with any items in the nature of income or gain that are specially allocated to such Member pursuant to the requirements of the Treasury Regulations including Sections 1.704-1(b) and 1.704-2. Each Member's Capital Account will be decreased by (1) the amount of money distributed to the Member by the Company; (2) the fair market value of property distributed to the Member by the Company (net of liabilities secured by such distributed property that the Member is considered to assume or take subject to under Section 752 of the Code); (3) allocations to the Member of expenditures described in Section 705(a)(2)(B) of the Code; (4) allocations to the Member of loss and deduction pursuant to Section 10; and (5) with any items in the nature of deduction or loss that are specially allocated to such Member pursuant to the requirements of the Treasury Regulations including Sections 1.704-1(b) and 1.704-2.

Upon a permitted sale or exchange of a Member's Interest in the Company, the Capital Account of the transferor shall become the Capital Account of the transferee to the extent it relates to the transferred Interest.

The manner in which Capital Accounts are to be maintained pursuant to this Section is intended to comply with the requirements of Code Section 704(b) and (c) and the Treasury Regulations promulgated thereunder. If, in the opinion of the Management Committee, the manner in which Capital Accounts are to be maintained pursuant to the preceding provisions of this Section should be modified to comply with Code Section 704(b) and (c) and the Treasury Regulations thereunder, then, notwithstanding anything to the contrary contained in the preceding provisions of this Section, the Management Committee may alter the method in which Capital Accounts are maintained, and the Management Committee shall have the right to amend this Agreement without action by the Members to reflect any such change in the manner in which Capital Accounts are maintained; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between the Members.

## SECTION 10 ALLOCATIONS OF PROFITS AND LOSSES

Each item of the Company's income, gain, loss, deduction or credit shall be allocated to each of the Members in accordance with their respective Membership Interests; provided, however, that such allocations shall be made in accordance with Section 704 of the Code and the Treasury Regulations promulgated thereunder.

## SECTION 11 DISTRIBUTIONS

### 11.1 Distribution Definitions.

(a) "Overhead Charge" means the amount of all expenses (including, without limitation, rent, insurance, salaries, performance bonuses, other employee benefits, finder's fees, special client specific revenue splits, office supplies, travel expenses, accounting and legal expenses, and all other expenses of any type or nature) that are incurred by the Company in servicing all of its clients (including Transferred Clients). Expenses directly attributable only to a particular client and which are reimbursed by such client shall be excluded from the calculation of the Overhead Charge.

(b) "Profits" for a fiscal year or other period of the Company mean (i) revenues actually collected from the Company's clients less (ii) the Overhead Charge.

11.2 Priority of Distribution. The Company shall distribute cash, on a yearly basis, in the amount of its Profits, less such reasonable reserves as the Management Committee elects to establish, to the Members in accordance with their respective Membership Interests.

11.3 Interim Distributions. Although distributions shall be calculated and made on an annual basis, the Management Committee may approve interim distributions based upon projections and subject to an annual true-up calculation.

11.4 Restrictions on Distributions. Notwithstanding anything to the contrary in Sections 11.1 and 11.2, no distribution shall be made if, after giving effect to the distribution: (i) the Company would not be able to pay its debts as they become due in the ordinary course of business; or (ii) the fair market value of the Company's total assets would be less than the sum of its total liabilities.

## SECTION 12 DETERMINATION OF CAPITAL ACCOUNTS AND TRANSFERS

Except as otherwise provided in this Agreement, whenever it is necessary to determine the balance in the Capital Account of any Member for the purposes of this Agreement, such balance shall be determined after first giving effect to all allocations, for transactions effected before the time as of which such determination is made, of items of income and loss and other items allocated pursuant to Section 10, for the current year; and second, after giving effect to all distributions or deemed distributions for such year in respect of transactions effected before the date as of which such determination is to be made; and third, after giving effect to all allocations of the Company's items of income and loss for the transaction in question (that is, before giving effect to distributions or deemed distributions as a result of such transaction).

## SECTION 13 ACCOUNTING AND BANK ACCOUNTS

13.1 Tax Returns. The Company shall cause to be prepared all tax returns and statements, if any, which must be filed on behalf of the Company with all federal, state and local taxing authorities, and shall submit such returns and statements to the Management Committee for approval before filing. On approval thereof, the Company shall make timely filing thereof.

The Company shall deliver to each Member a copy of each tax return and statement filed by the Company.

13.2 Fiscal Year. The fiscal year of the Company shall be the calendar year.

13.3 Books and Records. The books of account of the Company and the other records required to be maintained under the Act shall be kept and maintained at all times at the Company's principal place of business.

13.4 Financial Statements. Within 90 days after the close of each fiscal year, the Company shall prepare and furnish to each Member a report showing the operations of the Company for such fiscal year including, without limitation, such information concerning the Company as may be required by any Member for state or federal tax returns.

13.5 Access to Books of Account and Records. All Members shall have the right at all reasonable times during usual business hours to audit, examine, and make copies of or extracts from the books of account of the Company and the records required to be maintained under the Act. Such right may be exercised through any agent or employee of such Member designated by it or by an independent public accountant designated by such Member. Each Member shall bear all expenses incurred in any examination made for such Member's account. The Management Committee shall also notify the Members or their Member Representative(s) if the Management Committee commences negotiations to merge the Company into another entity or to sell all or substantially all of the Company's assets.

13.6 Company Funds. The Management Committee shall open and maintain (in the name of the Company) one (1) or more bank accounts in banks or savings and loan associations, the deposits of which are insured by an agency of the United States Government, in which shall be deposited all funds of the Company. Withdrawals from such account or accounts shall be made upon the signature or signatures of such Person or Persons as the Management Committee shall designate. There shall be no commingling of the assets of the Company with the assets of any other Person. Funds of the Company may be invested as determined by the Management Committee.

13.7 Tax Matters Member. TLG Associates, unless another Member is appointed by the Management Committee, is designated as the Tax Matters Member within the meaning of Section 6231(a)(7)(A) of the Code, and in such capacity may represent the Company and its Members in an IRS audit of its income tax return. Furthermore, the Tax Matters Member is authorized and entitled to negotiate, settle and make agreements and adjustments with respect to the Company's income tax return, binding on the Company and the Members with the advice of the legal counsel to the Company or the accountants servicing the books and records of the Company; however, the Tax Matters Member will not have the authority to determine the tax policy, taxable status or tax treatment of the Company's assets, income and expenses. All such matters shall be determined by the Management Committee.

## SECTION 14

### RESTRICTIONS ON TRANSFER OF MEMBERSHIP INTEREST AND RESIGNATION

14.1 Restrictions on Transfer. No Member shall otherwise sell, assign, transfer, pledge, create a security interest in or otherwise dispose of or encumber any part or all of such Member's Interest (collectively, "Transfer"), except upon the unanimous written consent of the Management Committee or a Majority or pursuant to the remaining provisions of this Section 14. Any sale, assignment, transfer, pledge, or encumbrance of an equity interest in a Member shall also be deemed a Transfer of an Interest in the Company except in the case of sales or other conveyances of shares in TLG Associates. No Member shall otherwise resign, withdraw or disassociate from the Company without the prior written consent of a Majority.

14.2 Death, Disability or Eligible Termination of Member Representative. If a Member who is a natural person or a Sole Member Representative dies or becomes Disabled or becomes subject to an Eligible Termination the Company shall repurchase the Member or Related Member's Membership Interest for the Purchase Price, and any Person claiming an interest in such Member or Related Member's Membership Interest shall sell the Membership Interest to the Company for the Purchase Price. With respect to all sales under this Section, within 60 days of the Member who is a natural person or Sole Member Representative's Departure Date, the Company shall deliver a Promissory Note to the Member or Related Member in the principal amount of the Purchase Price. In exchange for the receipt of the Promissory Note, the Member or Related Member shall execute and deliver to the Company any and all instruments that the Company deems necessary to convey title to the Repurchased Membership Interest to the Company. The death, disability or Eligible Termination of a Joint Member Representative shall be resolved according to the Related Member's established rules and procedures.

14.3 Resale of Repurchased Membership Interests. Following the Company's acquisition of any Repurchased Membership Interest, the Company and its Members shall use good faith efforts during the Recapture Period to resell the Repurchased Membership Interest to a third Person who is acceptable to the Members.

(a) If, during the Recapture Period following the Company's acquisition of any Repurchased Membership Interest, the Company resells the Repurchased Membership Interest or any portion thereof for a higher price for each percent Membership Interest, net of expenses of such resale, than the Purchase Price, the Company shall contemporaneously with its receipt of payment from the new purchaser of the Repurchased Membership Interest, pay such excess resale proceeds (the "Net Resale Proceeds") to the holder(s) of the Promissory Note originally delivered by the Company in payment for such Repurchased Membership Interest. The Net Resale Proceeds shall be treated as a supplemental payment to the holder(s) of the Promissory Note. The supplemental payment shall not reduce the principal amount of the Promissory Note or be applied against any interest or expenses then accrued under the Promissory Note. The Company shall use the remaining proceeds of the resale of the Repurchased Membership Interest to prepay the Promissory Note. If the Company sells, or is deemed under Section 14.3(b) to sell, less than all of the Repurchased Membership Interest, the Net Resale Proceeds and resulting supplemental payment shall be calculated on a pro-rated basis.

(b) For purposes of Section 14.3(a), any sale by the Company of Membership Interests while Recapture Periods exist with respect to two or more former Members or Member Representatives shall be deemed a sale of Repurchased Membership Interests acquired from each of the Members or Related Members, and the net proceeds thereof shall be prorated between the holders of the applicable Promissory Notes according to the respective ownership interests held by the Members or Related Members prior to the Company's purchase of their Membership Interests (or a portion thereof). Further, if the Company purports to issue any new Membership Interests while a Recapture Period is in effect in lieu of reselling the Repurchased Membership Interests, the issuance of the new Membership Interests shall be deemed to be a resale of the Repurchased Membership Interests for purposes of Section 14.3(a).

(c) If, during the Recapture Period, a third Person submits a bona fide written offer to the Company to acquire the Repurchased Membership Interest from the Company, for cash and not subject to any financing or other material conditions to closing, for a price in excess of the Purchase Price of the Repurchased Membership Interest and the remaining Members of the Company unreasonably refuse to approve such resale, the Company shall treat such resale as consummated for purposes of Sections 14.3(a) and 14.3(b). In such circumstance, the Company shall make the payment which would have been required under Sections 14.3(a) and 14.3(b) if the resale had been consummated.

**14.4 Resignation or Termination.** If a Member who is a natural person or a Sole Member Representative resigns his or her employment with the Company or a Member who is a natural person's or Sole Member Representative's employment relationship with the Company is terminated by the Company, within 60 days of such Member who is a natural person or Sole Member Representative's Departure Date, the Company shall purchase one hundred percent (100%) of the Member or Related Member's Membership Interest and such Member or Related Member shall sell its Membership Interest to the Company for the Purchase Price. Payment shall be pursuant to the terms of a Promissory Note in the amount of the Purchase Price due. Upon receipt of such Promissory Note, the Member or Related Member shall execute and deliver to the Company any and all instruments that the Company deem necessary to transfer title to the Membership Interest to the Company. Such Member or Related Member shall not be entitled to any supplemental payments under Section 14.3. The resignation or termination of a Joint Member Representative shall be resolved according to the Related Member's established rules and procedures.

**14.5 Repurchase Upon Termination of the Community.** In the event of the judicial or consensual determination that any equity interest in the Company owned by a Member who is a natural person or a Sole Member Representative is part of the community property of the Member who is a natural person or Sole Member Representative's marriage following the death of a Member who is a natural person's or Sole Member Representative's spouse, the divorce of a Member who is a natural person or Sole Member Representative and his or her spouse, or the termination of the community property regime between the Member who is a natural person or Sole Member Representative and his or her spouse or if his or her spouse otherwise acquires any of a Member who is a natural person's or Sole Member Representative's equity interest in the Company or a Related Member, the Company shall purchase one hundred percent (100%) of the Member or Related Member's Membership Interest. In exchange for the Purchase Price, the

Member or Related Member shall execute and deliver to the Company any and all instruments that the Company deems necessary to transfer title to such Membership Interest to the Company. Notwithstanding the foregoing, if the Member who is a natural person or Sole Member Representative purchases the equity interest owned by his or her spouse or the spouse's succession in the Company or Related Member within 90 days of the judicial determination or other event requiring the Company's purchase of the Membership Interest under this Section, this Section shall not apply.

**14.6 Closings.** The closing of any purchase and sale of a Membership Interest pursuant to the terms of this Agreement shall be held at the principal office of the Company or such other location as may be mutually agreed upon by the parties to such purchase and sale. Any sale of Membership Interest pursuant to the terms of this Agreement shall be with full warranty of good and merchantable title, free and clear of all liens and third party claims of any type.

**14.7 Transferees.** Any Transfer of a Membership Interest by a Person (the "Transferor"), other than as permitted under the foregoing Sections shall be effective only to give the transferee (the "Transferee") the right to receive the share of allocations and distributions to which the Transferor would otherwise be entitled (provided, however, that, until the Transferee is admitted as a Member, all distributions shall be held in suspense by the Company and not paid until such time, if ever, as the Transferee is admitted as a Member). Thus, a transferred Interest shall have no voting rights unless and until the Transferee holder of such Interest is admitted as a substitute Member as set forth below. Unless and until a Transferee is admitted as a substituted Member, the Transferee shall have no right to exercise any of the powers, rights or privileges of a Member hereunder or under the Act. A Member who has assigned such Member's Membership Interest shall cease to be a Member on assignment of the Member's entire Membership Interest, and thereafter shall have no further powers, rights, or privileges as a Member hereunder, but shall, unless otherwise relieved of such obligations by agreement of all of the other Members or by operation of law, remain liable for all obligations and duties as a Member. A Transferee shall be admitted as a substituted Member when and if such Transferee satisfies each of the following requirements:

(a) The Transferee shall expressly consent in writing to be subject to all the provisions of this Agreement;

(b) a Majority shall have approved the Transferee;

(c) The Transferor or Transferee shall have delivered to the Members a duly executed copy of the instrument making such Transfer, and such other documents or instruments as the Members may reasonably request, including without limitation the opinion of counsel that may be required by Section 14.8; and

(d) The Transferor or the Transferee shall have paid all reasonable legal fees and costs of the Company in connection with the Transferee's admission as a substitute Member.

**14.8 Securities Laws.** In addition to the other restrictions on Transfer of Interests in this Agreement, all sales or other Transfers of Interests must fully comply with all federal and

state securities laws. In connection with the Transfer of any Interest in the Company, except in a public offering registered under the Securities Act of 1933, as amended (the "Securities Act") or Rule 144 promulgated thereunder (or any similar rule then in effect), the Transferee shall, if requested by the Management Committee, deliver to the Company an opinion of counsel which (to the Company's reasonable satisfaction is knowledgeable in securities law matters to the effect that such Transfer may be effected without registration under the Securities Act and applicable state securities laws.

14.9 No Employment Contract. This Agreement does not constitute an employment agreement between the Company and any Member or Member Representative. If any Member or Member Representative is now or hereafter an employee of the Company, such Member or Member Representative shall be an employee at will unless otherwise agreed in a written employment contract between the Company and such Member or Member Representative. As any employee of will, the Member or Member Representative may resign at any time and without cause, and the Company may terminate the employment relationship at any time and without cause.

## SECTION 15 DISSOLUTION AND WINDING UP

15.1 Events Causing Dissolution. The Company will be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of the following:

- (a) The agreement of a Majority to dissolve the Company; or
- (b) The entry of a decree of judicial dissolution or an administrative dissolution under the Act.

The death, resignation, retirement, expulsion, bankruptcy or dissolution of a Member or occurrence of any other event that terminates the continued membership of a Member in the Company shall not of itself dissolve the Company.

### 15.2 Winding Up.

(a) Winding Up Procedures. During the period beginning with dissolution of the Company and ending with the liquidation of the Company and the termination of this Agreement, the business affairs of the Company shall be conducted by the Management Committee. During such period, the business and affairs of the Company shall be conducted so as to preserve the assets of the Company and maintain the status thereof which existed immediately before such dissolution. If any non-cash assets of the Company are sold by the Company, the purchaser may be a Member, Management Committee Member or Officer or a group in which any such Person may have an interest.



**(b) Distributions in Liquidation.**

- (1) Upon the dissolution and winding up of the affairs of the Company, the proceeds of liquidation shall be applied and distributed in the following order of priority:
  - (i) to the payment of all expenses of the dissolution, winding up and liquidation;
  - (ii) to the payment of all debts and liabilities of the Company or to which the Company assets are subject in the order of priority as provided by law;
  - (iii) to the creation of such cash reserves as the remaining Members reasonably may deem necessary for any contingencies or any unforeseen liabilities of the Company;
  - (iv) to the Members in accordance with Section 11.2(a) and 11.2(b) to the extent that such amounts have not yet been paid; and
  - (v) lastly, to the Members, in proportion to and up to the positive balance in their respective Capital Accounts.

Any cash reserves established pursuant to Section 15.2(b)(1)(iii) shall be deposited in an appropriate account for such purposes, and when the Management Committee determines that all contingent or unforeseen liabilities have been paid or otherwise satisfied the balance of such reserve shall be distributed in accordance with the provisions of Section 15.2(b)(1)(iv).

- (2) If there is not a pro rata distribution of each asset, asset distributions in kind shall be appraised, if necessary, so that each Member receives his proportionate share of the value of the Company's net assets, based on the Members' respective Membership Interests. It shall not be a requirement that each Member receive his proportionate share of each asset available for distribution to the Members on dissolution. If valuation of the assets of the Company cannot be agreed on, such assets shall be valued at their fair market value as determined by an independent appraiser. The Management Committee shall be required to retain such appraiser and other consultants as may be necessary and advisable, all at the expense of the Company, to advise him of their determinations of such fair market values, which determinations shall be binding on all parties to such winding-up. No Member shall have any right to

demand or receive property other than cash on dissolution and termination of the Company.

- (3) A reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities as to creditors.
- (4) Each Member shall look solely to the assets of the Company for all distributions with respect to the Company and any return of his Capital Contributions thereto and share of profits or losses thereof, and shall have no recourse therefor (on dissolution or otherwise) against any other Member.

(c) Final Reports. Within 90 days after the complete liquidation of the Company, the Management Committee shall furnish to the Members a financial statement for the period from the first day of the then current fiscal year through the date of such complete liquidation prepared by the Company's accountants. Such statement shall include a Company statement of operations for such period and a Company balance sheet as to the date of such complete liquidation.

15.3 Waiver of Right to Court Decree of Dissolution. The Members agree that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve this Company except for an action to enforce this Section 15. Care has been taken in this Agreement to provide what the Members feel are fair and just payments to a Member withdrawing from the Company for any reason. Accordingly, each Member accepts the provisions of this Agreement as to its sole entitlement on termination of his Interest in the Company. Each Member hereby waives and renounces his right to seek court decree of dissolution or to seek the appointment by a court of a liquidator for the Company except for an action to enforce this Section 15.

## SECTION 16 ADDITIONAL AND SUBSTITUTE MEMBERS

16.1 Admission of New Members. From the date of the formation of the Company, with the approval of a Majority, any Person may, subject to the terms and conditions of this Agreement, become an additional Member in this Company by the issuance of new Interests for such consideration as the Members shall determine by vote of the Majority.

16.2 Consent. Any consent to be subject to this Agreement shall be made in writing, in substantially the following form:

Consent to Operating Agreement. In consideration of the [issuance] [transfer] to the undersigned of a \_\_\_\_% Membership Interest in the Company, Class \_\_\_\_, the undersigned does hereby consent to become a party to and be governed by all the terms of the Amended and Restated Operating Agreement between the Company and its Members dated May

\_\_\_\_, 2007, as amended (the "Agreement"). For purposes of the Agreement, I shall be considered a Member, as defined therein.

**16.3 Allocations to New Members.** No additional or substitute Member shall be entitled to any retroactive allocation of losses, income or expense deductions of the Company. The Management Committee may, at its option, at the time an additional or substitute Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of loss, income and expense deductions to an additional or substitute Member for that portion of the Company's tax year in which an additional or substitute Member was admitted, in accordance with the provisions of Section 706(d) of the Code and the Treasury Regulations promulgated thereunder.

## SECTION 17 NOTICES

All notices and other communications required or permitted under this Agreement shall be in writing and may be sent by certified U.S. mail, return receipt requested, postage prepaid, overnight air courier, facsimile, or personal delivery to the Members at their addresses as shown from time to time on the records of the Company. Any Member may specify a different address by notifying the Company in writing of such different address. Such notices shall be deemed given (i) three days after mailing, (ii) the day after deposit with an overnight air courier, or (iii) when delivered in person or transmitted by fax machine (confirmation of transmission received), as the case may be.

## SECTION 18 MISCELLANEOUS

**18.1 Inurement.** This Agreement shall be binding on, and inure to the benefit of, all parties hereto, their successors and assigns to the extent, but only to the extent, that assignment is made in accordance with, and permitted by, the provisions of this Agreement.

**18.2 Entire Agreement.** This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof. It supersedes any prior agreement or understandings between any of them relating to the subject matter hereof.

**18.3 Governing Law.** This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the Commonwealth of Virginia without regard to conflict of law principles.

**18.4 Captions.** Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend the scope or intent of this Agreement or any provision thereof.

**18.5 Severability.** If any provision of this Agreement, or the application of such provision to any person or circumstances shall be held invalid, the remainder of this Agreement,

or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected hereby.

18.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

18.7 Waiver. No consent or waiver, express or implied, by any Member to or of any breach or default by the other in the performance of obligations hereunder shall be deemed or construed to be a consent or waiver of any other obligations of such Member hereunder. Failure on the part of any Member to complain of any act or failure to act of any other Member or to declare any other Member in default, irrespective of how long such failure continues, shall not constitute a waiver by such Member, of its rights hereunder.

18.8 Company Losses Due to Member's Litigation. If the Company is made a party to any litigation or otherwise incurs any losses or expenses as a result of or in connection with any Member's obligations or liabilities unconnected with the Company's business, then such Member shall reimburse the Company for all such expenses incurred, including attorneys' fees, and the interest of such Member in the Company may be charged therefor.

18.9 Equitable Remedies. The rights and remedies of the Members hereunder shall not be mutually exclusive, i.e., the exercise of rights granted under any provisions hereof shall not preclude the exercise of any other provisions hereof. The Members confirm that damages at law may be an inadequate remedy for a breach or threatened breach of this Agreement and agree that, in the event of a breach or threatened breach of any provision hereof, the respective rights and obligations hereunder shall be enforceable by specific performance, injunction or other equitable remedy, but nothing herein contained is intended to, nor shall it, limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other for a breach or threatened breach of any provision hereof, it being the intention by this subsection to make clear the agreement of the Members that the respective rights and obligations of the Members hereunder shall be enforceable in equity as well as at law or otherwise.

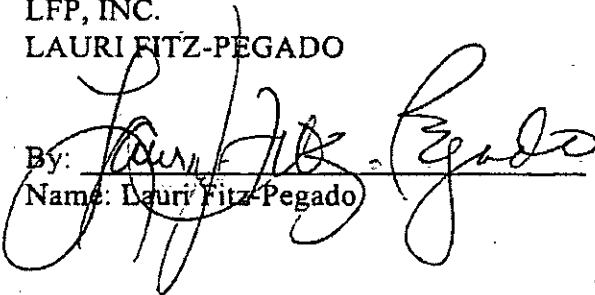
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IN WITNESS WHEREOF, each of the parties hereto has executed and delivered this Agreement as of the day and year first above written.

TLG ASSOCIATES OF VIRGINIA, INC.  
ROBERT L. LIVINGSTON

By:   
Name: Robert L. Livingston

LFP, INC.  
LAURI FITZ-PEGADO

By:   
Name: Lauri Fitz-Pegado